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Held at Headquarters, New York, on Wednesday, 1 June 2016, at 3 p.m.

President: Mr. Shava (Vice-President) ..... (Zimbabwe)

Contents

Agenda item 18: Economic and environmental questions (*continued*)

(a) Sustainable development

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In the absence of Mr. Oh Joon (Republic of Korea), Mr. Shava (Zimbabwe), Vice-President, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 18: Economic and environmental questions (*continued*)

(a) Sustainable development (A/71/76-E/2016/55; E/2016/33)

1. **Ms. Fukuda-Parr** (Vice-Chair of the Committee for Development Policy), introducing the report on the eighteenth session of the Committee for Development Policy (E/2016/33), said that the report addressed the following main issues: expanding productive capacity in least developed countries; official support for sustainable development in the context of the 2030 Agenda for Sustainable Development; and monitoring the development progress of graduated and graduating countries. Since the Committee would provide recommendations on promoting capacity for sustainable development during the Council's high-level segment in July 2016, she would address only those issues related to development finance and the classification of least developed countries.

2. She recalled that in 2012 the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) had begun to review the definitions and reporting criteria for development finance with a view to modernizing the definition of official development assistance (ODA), improving the accuracy and comparability of reporting, and introducing new and broader measures of financing for development. The data collected would help to increase the impact of development cooperation through better leveraging of public and private resources.

3. New reporting criteria for ODA had also been adopted in 2014 and 2016, and would become standard in 2018, and the discussions under way on a new measure of development financing, provisionally called "total official support for sustainable development", were expected to conclude in 2016. Nevertheless, she emphasized that the United Nations had not yet endorsed the proposed new metric for monitoring implementation of the 2030 Agenda, pending an open, inclusive and transparent discussion by Member States.

4. In the meantime, the following constituted key developments to date: in the calculation of ODA, henceforth only the grant element would be taken into account in the measurement of loans, and new differentiated discount rates and thresholds had been defined for estimating the grant equivalent; the ODA reporting directives on peace and security expenditures had been updated to clarify the inclusion of expenditures involving the military and the police, as well as activities aimed at preventing violent extremism; and the official provision of private sector instruments, such as equity, credit enhancements and guarantees, would now be counted as ODA, while the flows generated by such efforts would be counted as total official support for sustainable development.

5. The new measure of total official support for sustainable development was intended to reflect the broadening of the global development agenda and financing sources that extended beyond the historical concept and definition of ODA, including non-concessional official funds, expenditures related to climate change, environment sustainability and other public goods.

6. While the efforts of the Development Assistance Committee to enhance resource mobilization for the implementation of the 2030 Agenda were welcome, concerns remained about the risks and uncertainties of developing a new metric of development cooperation, especially the potential dilution of already existing financial commitments for development. Member States and OECD member States must therefore agree on several critical issues, including why a new measurement was necessary rather than an improved metric; how to engage emerging development partners and other stakeholders; and how to guarantee that the perspectives of both providers and recipients were reflected in the definition of development aid.

7. In its report the Committee had elaborated on the key principles that should form the basis of any new framework for financing for development. In particular, such a framework should preserve the development purpose of its components and include only cross-border flows. Moreover, it should be clearly understood that the new framework was a complement to, and not a substitute for, existing ODA commitments.

8. In that regard, the Committee had recommended that the Council should reiterate the call for donors to meet their ODA commitments and for ODA to be reported separately from other flows. The Committee

had also recommended that Member States, particularly developing countries and new providers, should be involved in all deliberations on any new framework under conditions of full transparency and inclusivity. Furthermore, the Council should facilitate the process of drawing up the new framework through the Development Cooperation Forum.

9. Turning to the least developed country issues examined in the report, she noted that the Committee had reviewed the development progress of Equatorial Guinea and Vanuatu, earmarked for graduation in June 2017 and December 2020, respectively, and of Samoa, which had graduated in 2014.

10. Equatorial Guinea continued to experience a significant imbalance between its high level of per capita income and its low human assets. The Committee had therefore advised that country to formulate and implement a transition strategy that would proactively address the need to strengthen human assets and reduce economic vulnerability.

11. While the Committee had welcomed the adoption of General Assembly resolution 70/78 on the extension of the preparatory period preceding the graduation of Vanuatu from the least developed country category, following the impact of Cyclone Pam in 2015, the country's susceptibility to recurring natural disasters remained a matter of concern.

12. For its part, Samoa was already implementing its post-graduation transition strategy and continued to achieve steady development progress despite its high vulnerability to economic and environmental shocks. It was important for the international community to continue to provide such vulnerable countries with concessional financing for climate change adaptation following graduation. The Committee had therefore recommended that the economic vulnerability index should be used for the allocation of climate finance, independent of least developed country status.

13. Since some graduating and graduated countries faced significant challenges and uncertainties in addressing the consequences of the loss of preferential market access, the Committee had recommended that the Council should invite trading partners of least developed countries to facilitate the phasing out of least developed country-specific trade preferences for a period appropriate for the development situation of those countries, in accordance with General Assembly resolution 67/221.

14. As the number of least developed countries that became eligible for graduation increased, it became crucial to improve their understanding of the type of specific support to which they had access and the policy implications of the possible reduction of such support after graduation. The Committee had therefore reviewed a proposal for developing a toolkit to assist least developed countries in better preparing for graduation, including by facilitating the gathering and sharing of information among national and international stakeholders and assessing the importance of the support measures for those countries' development progress. The toolkit should facilitate least developed countries' efforts to understand and address the possible reduction of international support, lessen the uncertainty surrounding graduation and therefore keep their development trajectory on a sustainable path.

15. Lastly, the Committee had proposed that its secretariat should further develop the toolkit by taking into account the inputs from and needs expressed by least developed countries. That proposal had been well received by least developed countries and development partners alike at the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020, held recently in Antalya, Turkey.

16. **Ms. Bravo** (Observer for Mexico) said that a number of countries had begun to estimate the challenges involved in implementing the 2030 Agenda. The European Commission, for instance, had identified implementation difficulties in some European countries as a result of a lack of investment, unemployment, migration flows and income distribution challenges. With regard to national implementation efforts, the Council should use the high-level political forum on sustainable development to share experiences and best practices and identify opportunities for South-South, North-South and triangular cooperation.

17. Finally, while the Council had shown interest in addressing specific issues in the context of the 2030 Agenda, such as food security, sustainable cities, health and education, she emphasized that the Sustainable Development Goals remained indivisible and interdependent.

The meeting rose at 3.30 p.m.